

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 FEA-01 AGR-05 ERDA-05 AID-05 CEA-01  
COME-00 EPG-02 EB-07 FPC-01 INT-05 OMB-01 OES-07  
STR-04 TRSE-00 ACDA-07 SIL-01 LAB-04 /114 W  
-----172240Z 038557 /75

R 171045Z MAY 77  
FM AMEMBASSY MOSCOW  
TO SECSTATE WASHDC 7474  
INFO AMEMBASSY BELGRADE  
AMEMBASSY BERLIN  
USMISSION BERLIN UNN  
AMEMBASSY BUCHAREST  
AMEMBASSY BUDAPEST  
AMCONSUL LENINGRAD  
AMCONSUL MUNICH  
USMISSION NATO  
AMEMBASSY PRAGUE  
AMEMBASSY SOFIA  
AMEMBASSY WARSAW  
USDOC WASHDC

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E.O. 11652: N/A  
TAGS: ECON, EGEN, ENRG, EIND, UR  
SUBJ: FOUR MONTH INDUSTRIAL PERFORMANCE SOMEWHAT STRONGER

REF: MOSCOW 5623

SUMMARY: INDUSTRIAL PRODUCTION FOR THE FIRST FOUR MONTHS  
OF 1977 INCREASED 5.7 PERCENT OVER THE SAME PERIOD IN 1976,  
SLIGHTLY EXCEEDING THE ANNUAL PLAN TARGET RATE. LABOR  
PRODUCTIVITY IS STILL BELOW PLAN. GROWTH LEADERS INCLUDED  
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GAS, CHEMICALS AND MACHINE BUILDING BUT OIL PRODUCTION  
PERFORMANCE WAS NOT SPECIFICALLY SINGLED OUT. END SUMMARY.

1. RECENTLY PUBLISHED 1977 FOUR MONTH PRODUCTION STATISTICS  
SHOW INDUSTRIAL OUTPUT ROSE BY 5.7 PERCENT OVER THE SAME  
PERIOD IN 1976. THIS LEVEL SLIGHTLY EXCEEDS THE ANNUAL  
TARGET (5.6 PERCENT) AND INCLUDES A STRONGER PERFORMANCE IN

APRIL (5.9 PERCENT) THAN IN THE FIRST QUARTER (5.6 PERCENT). ACCORDING TO TRUD, MAY 13, LABOR PRODUCTIVITY IN INDUSTRY ROSE BY 4.2 PERCENT, BELOW THE ANNUAL TARGET (4.8 PERCENT), BUT AN IMPROVEMENT OVER THE FIRST QUARTER RESULT OF 4 PERCENT, REFTEL. GROWTH LEADERS CITED INCLUDE GAS, CHEMICALS AND PETROCHEMICALS, AND MACHINE BUILDING. THE OIL INDUSTRY WAS NOT MENTIONED.

2. PERFORMANCE, HOWEVER, REMAINS MIXED. TRUD NOTED THAT CERTAIN LAGGING SECTORS AND ENTERPRISES HAD IMPROVED THEIR PERFORMANCE; THE APRIL PLAN WAS FULFILLED FOR FINISHED ROLLED FERROUS METAL PRODUCTS, SYNTHETIC RESINS AND PLASTICS, CAUSTIC SODA, FREIGHT CARS, LEATHER SHOES AND COTTON FABRICS. NONETHELESS, THE SHORTFALL IN PRODUCTION OF THESE GOODS SINCE THE BEGINNING OF 1977 STILL HAS "NOT BEEN COMPLETELY" OVERCOME.

3. PRAVDA ON MAY 12 REPORTING ON THE APRIL RESULTS STATED THE FOLLOWING SECTORS HAD "PARTICULARLY GOOD RESULTS": MACHINE TOOLS,; INSTRUMENTS AND EQUIPMENT FOR AUTOMATION; MACHINERY FOR ANIMAL HUSBANDRY AND FEEDING; AND CHEMICAL AND PETROCHEMICAL MACHINE BUILDING. AMONG ENERGY SOURCES, GAS LED WITH A GROWTH OF 8 PERCENT. NO FIGURES FOR OIL AND COAL WERE GIVEN BUT "SUBSTANTIAL" INCREMENTS IN OUTPUT WERE NOTED. SUBPAR PERFORMANCE WAS NOTED IN IMPORTANT PRODUCTS OF FERROUS AND NON-FERROUS METALLURGY, TIMBER AND WOODWORKING, CELLULOSE-PAPER, LIGH INDUSTRY, AND CONSTRUCTION MATERIALS. THE MAIN REASONS CITED FOR POOR PERFORMANCE WERE SLOW INTRODUCTION AND MASTERING OF NEW CAPACITY, LIMITED OFFICIAL USE

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DELAYS IN PLANT RECONSTRUCTION, AND INADEQUATE SUPPLIES OF RAW MATERIALS, OTHER MATERIALS, AND FUEL. TRADE UNION AND PARTY OFFICIALS WERE ASSIGNED THE TASK OF HARRYING THA LAGGARDS. IN ITS COMMENTARY TRUD ALSO MENTIONED THAT THE PRACTICE OF FULFILLING THE MONTHLY PLAN MAINLFWZSITS LAST TEN DAYS HAD UNDESIRABLE CONSEQUENCES FOR PRODUCT QUALITY.

4. COMMENT: THE APRIL PERFORMANCE WAS AN IMPROVEMENT OVER THE FIRST QUARTER RESULTS BUT CHRONIC PROBLEMS IN SEVERAL SECTORS APPARETNLY CONTINUE. GAS INDUSTRY LEADS THE WAY IN THE FUEL SECTOR WITH REPORTING ON OIL PERFORMANCE RELATIVELY SUBDUED. THE PRAVDA REFERENCE TO SUPPLY PROBLEMS (INCLUDING FUEL) SUGGESTS CONTINUING TRANSPORT AND DISTRIBUTION PROBLEMS WHICH SO FAR HAVE DEFIED SOLUTION. MATLOCK

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC DEVELOPMENT, DATA, QUARTERLY REPORTS  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Disposition Reason:**  
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